

OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION

Before the
ILLINOIS COMMERCE COMMISSION

ORIGINAL

ILLINOIS
COMMERCE COMMISSION

SEP 13 10 33 AM '00

Petition of)

RCN TELECOM SERVICES, INC.)

and)

RCN LONG DISTANCE COMPANY)

For Authority to Merge, Cancel and Reissue)

Certificate of Service Authority as Part of a)

Pro Forma Corporate Restructuring and for)

Authority to Provide Interexchange)

Telecommunications Services)

CHIEF CLERK'S OFFICE

Docket No.

00-0604

**PETITION FOR AUTHORITY
TO MERGE, CANCEL AND REISSUE CERTIFICATE OF SERVICE AUTHORITY AS
PART OF A *PRO FORMA* CORPORATE RESTRUCTURING AND FOR AUTHORITY
TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICES**

RCN Telecom Services, Inc. ("RCN TS"), and RCN Long Distance Company ("RCN LD") (collectively, the "Petitioners"), by their undersigned attorneys and pursuant to Sections 7-203, 7-204, 13-403, and 13-404 of the Illinois Public Utilities Act, 220 ILL. REV. STAT. §§ 7-203, 7-204, 13-403, 13-404 and the rules and regulations of the Illinois Commerce Commission ("Commission"), respectfully request: (1) authority to merge RCN LD with and into RCN TS and to assign RCN LD's customers and operations to RCN TS, (2) cancellation of RCN LD's Certificates of Service Authority, and (3) issuance to RCN TS of Certificates of Service Authority identical to those currently held by RCN LD. As part of this *pro forma* corporate restructuring, RCN LD, along with certain other affiliated RCN subsidiaries operating in other states will be merged with and into RCN TS. As a result of the restructuring, RCN LD will cease to exist and RCN TS will assume RCN LD's customers and operations. As described below, the restructuring will not change the ultimate ownership or control of RCN LD's operations in Illinois.

In support of their Petition, the Petitioners provide the following information:

I. THE PETITIONERS

RCN Corporation is a publicly held Delaware corporation that is headquartered at 105 Carnegie Center, Princeton, New Jersey 08540. RCN Corporation is the ultimate corporate parent of the RCN subsidiaries, including the Petitioners. RCN Corporation and its operating subsidiaries are in the process of building high-speed, high-capacity advanced fiber optic networks to provide a package of services, including local and long distance telephone, video programming and data services to residential and business customers. In the state of Illinois, RCN LD is authorized to provide intrastate interexchange services.^{1/}

Information concerning RCN TS's legal, technical, managerial and financial qualifications to operate in Illinois is provided below. Additional information regarding RCN Corporation and its subsidiary's operations in Illinois was submitted with the various application(s) filed with the Commission with respect to its subsidiary currently operating in Illinois, and is, therefore, already a matter of record with the Commission. The Petitioners respectfully request that the Commission take official notice of this information and incorporate it by reference herein.

^{1/} See *Commonwealth Long Distance Company Application for a certificate of interexchange service authority to operate as a reseller of telecommunication services within the State of Illinois*, Order, Docket 94-0496 (Feb. 8, 1995). By letter dated March 7, 1997, Commonwealth Long Distance Company advised the Commission of a corporate reorganization in which its name was changed to RCN Long Distance Company. The Commission acknowledged receipt of this notification on March 11, 1997.

II. DESIGNATED CONTACTS

The designated contacts for purposes of this Petition are:

Jean L. Kiddoo
Michael P. Donahue
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N. W., Suite 300
Washington, DC 20007
Phone: (202) 424-7683
Fax: (202) 424-7645

Copies of all correspondence, notices, inquiries and orders should be sent to:

Trudy M. Longnecker
Tariff & Compliance Manager
RCN Corporation
105 Carnegie Center
Princeton, NJ 08540
Phone: (609) 734-3700
Fax: (609) 734-3784

III. DESCRIPTION OF THE TRANSACTION

RCN TS and RCN LD currently are wholly-owned subsidiaries of RCN Corporation, the ultimate parent company of the RCN Corporation subsidiaries. The proposed restructuring will take place as a merger of RCN LD, and certain other RCN Corporation subsidiaries operating in other jurisdictions, with and into RCN TS. Upon completion of all such transactions, RCN TS will assume RCN LD's customers and operations. As a result, RCN LD and the other affiliated companies will cease to exist as corporate entities and RCN TS will hold the certificates previously held by the respective RCN Corporation companies. RCN Corporation will remain the ultimate corporate parent of the remaining entities. For the Commission's convenience, pre- and post-restructuring charts depicting the proposed restructuring are appended hereto as Attachment A.

The proposed restructuring is strictly *pro forma* and will not adversely affect the provision of telecommunication services in Illinois. All of RCN LD's customers will be served by the same team of qualified consumer representatives and will be provided service pursuant to contracts and tariffs that offer all of the services currently offered by RCN LD, at the same rates, terms and conditions. RCN TS will file revised tariffs to reflect RCN Telecom Services, Inc. as the operating entity as a result of the proposed restructuring. There will be no change in the ultimate ownership or control of RCN TS or in the management of day-to-day operations in Illinois. RCN TS will be led by the same team of experienced telecommunications personnel that led RCNLD. Thus, service will continue to be provided using the same network, billing systems and customer service operations as are used by RCN LD.

To the extent required, the Petitioners respectfully request that the Commission authorize the merger of RCN LD with and into RCN TS, issue authorizations to RCN TS identical to those currently held by RCN LD, and cancel RCN LD's authorizations.

IV. QUALIFICATIONS OF RCN TS

Contained in Attachment B is a completed Application for Certificate to Become a Telecommunications Carrier completed on the appropriate form issued by the Commission. In addition to that information, RCN TS states as follows:

A. Legal

RCN TS's legal name is RCN Telecom Services, Inc. RCN TS was formerly known as RCN Telecom Services of Pennsylvania, Inc. RCN TS's address of its principal place of business and phone number are set forth above.

B. Technical

A complete description of RCN TS's technical qualifications was previously provided to the Commission in RCN LD's application for certification. Additional information is provided in Attachment E. As the proposed restructuring of the RCN Companies is *pro forma* in nature, RCN TS will have access to the same technical resources that the Commission previously found sufficient to support RCN LD's operations. As explained in detail in RCN LD's original application, RCN TS's officers are well qualified to execute its business plan. RCN TS's interexchange operations will be directed by its existing corporate management, and technical and operations staffs who are responsible for the interexchange and local exchange operations of its affiliates in Illinois and other states. These principals have been continuously involved in efforts to obtain and retain certification in Illinois and in other states. RCN TS will also draw heavily on the management resources of RCN Corporation for planning, marketing, network, and legal/regulatory assistance. Descriptions of the extensive telecommunications and managerial experience of RCN TS's key personnel are attached hereto as Attachment E.

Although the proposed transactions technically involve a transfer of RCN LD, the ultimate ownership of RCN TS will not be affected by the proposed restructuring. RCN TS will continue to have access to the same corporate technical, managerial and financial resources RCN LD currently enjoys. Indeed, the proposed restructuring will be virtually transparent to Illinois customers and will

not change the nature of services offered to those customers or RCN TS's ability to provide high quality services in Illinois.

C. Financial

RCN TS has the financial resources necessary to provide high quality service to Illinois consumers. RCN TS's direct parent corporation, RCN Corporation is a publicly traded and widely-held corporation. As a direct subsidiary, RCN TS will have access to the substantial resources of its parent. Recent financial statements for RCN Corporation are provided in Attachment F. Moreover, the proposed corporate structure is expected to provide the RCN Corporation subsidiaries, including RCN TS, even greater access to working capital and allow RCN TS to realize marketing and administrative efficiencies. Thus, RCN TS has access to the financing and capital necessary to conduct its telecommunications operations and to meet the current and future capital needs of RCN TS's Illinois operations.

D. Managerial

Because the reorganization of the RCN companies is *pro forma* in nature, RCN TS will continue to be managed by a management team virtually identical to RCN LD's management team. By granting RCN TS's original certification application, the Commission has already found the extensive telecommunications experience and expertise possessed by the RCN Corporation management team sufficient to meet the needs of the RCN companies. Thus, because the management team overseeing the Illinois operations remains largely unchanged, RCN TS respectfully submits that it is qualified to provide the telecommunications services for which authority is requested. Included as Attachment E are the names of the RCN Corporation key personnel and descriptions of their managerial experience and qualifications.

E. Service Descriptions

Detailed information concerning RCN TS's service offerings was provided to the Commission in RCN LD's original certification application. RCN TS does not intend to change its service offerings as a result of the proposed reorganization and does not currently seek to change its authorized service area. Upon approval of the transactions contemplated in this application, RCN TS will file a tariff in the name of RCN Telecom Services, Inc. incorporating identical services, rates, terms and conditions as currently offered by RCN LD.

V. WAIVERS OF CERTAIN REGULATORY REQUIREMENTS

RCN TS respectfully requests, pursuant to Section 13-402 of the Public Utilities Act, waivers, identical to those granted to RCN LD. Specifically, RCN TS seeks a waiver of 83 ILL. ADMIN. CODE § 710's requirement that books and records be maintained under the Uniform System of Accounts and a waiver of 83 ILL. ADMIN. CODE § 735 governing credit, billing, deposits, and termination of service. Full support for this request, including a statement of accounts, was provided to the Commission in RCN LD's certification application and is incorporated herein by reference. RCN TS will continue to maintain its accounting records in accordance with Generally Accepted Accounting Principles ("GAAP"), in sufficient detail to comply with applicable tax laws. RCN TS's chart of accounts is provided in Attachment G. RCN is submitting the proprietary, confidential information in Attachment G under seal in a separate envelope and respectfully requests that the information be accorded confidential treatment and not be made a part of the public record in this proceeding or otherwise disclosed to the public.

RCN TS also seeks a waiver of Section 5-106 of the Act which requires public utilities to keep books, records and memoranda within the State of Illinois. The Commission previously

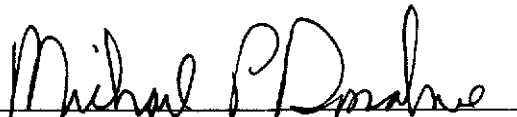
granted RCN LD's request to retain its records at RCN Corporation's accounting offices in New Jersey. RCN TS seeks Commission permission to permit RCN TS to continue to keep its accounting records at that location. RCN TS will, of course provide the Commission with access to its books and records upon request.

VI. PUBLIC INTEREST STATEMENT

RCN Corporation has determined that the proposed corporate restructuring will promote operational and administrative efficiencies for the RCN companies. The restructuring will enable the Company to reduce its administrative and operating expenses and realize operational and management efficiencies and other corporate benefits. These efficiencies will enable the Company to more effectively compete in the telecommunications market to the ultimate benefit of consumers in Illinois. The restructuring will be made in a seamless fashion that will not adversely affect the provision of telecommunications services in Illinois, but will, in fact, increase the financial strength of the entity which is providing service in Illinois. The restructuring is simply a paper transaction that will be transparent to consumers and will not in any way inconvenience or cause harm to RCN LD's customers.

WHEREFORE, the Petitioners respectfully request that the Commission approve this Petition for approval of the merger of RCN Long Distance Company into RCN Telecom Services, Inc., issue a Certificate of Interexchange Authority to RCN Telecom Services, Inc., identical to that currently held by RCN Long Distance Company, cancel RCN Long Distance Company's Certificate of Service Authority, and grant any other authority that the Commission may deem necessary with respect to this request.

Respectfully submitted,

By: 
Jean L. Kiddoo
Michael P. Donahue
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Phone: (202)424-7683
Fax: (202) 424-7645

Counsel for RCN Telecom Services, Inc. and
RCN Long Distance Company

Dated: September 12, 2000

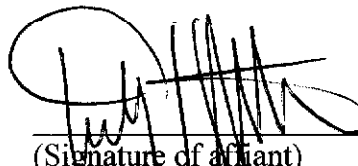
VERIFICATION

This application shall be verified under oath.

OATH

State of New Jersey)
) ss.
County of Mercer)

Timothy J. Stoklosa makes oath and says that he is Chief Financial Officer
(insert here official title of the affiant) of RCN Corporation that he has examined the
foregoing application and that to the best of his knowledge, information, and belief, all statements
of fact contained in the said application are true, and the said application is a correct statement of the
business and affairs of the above-named applicant in respect to each and every matter set forth
therein.


(Signature of affiant)

Subscribed and sworn to before me, a Notary Public/ (Title of person authorized to administer oaths)

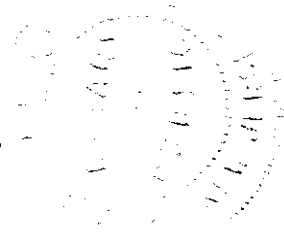
in the State and County above named, this 7th day of August, 2000.


(Signature of person authorized to administer oath)

My Commission expires: 5/1/2005.

SUZANNE I. ANDERSON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May 1, 2005

2005



ATTACHMENTS

Attachment A	Pre- and Post-Restructuring Organizational Chart
Attachment B	Application for a Certificate to Become a Telecommunications Carrier
Attachment C	Response to Question 5(a-g)
Attachment D	Certificate of Incorporation and Certificate of Authority to Transact Business in Illinois
Attachment E	Response to Question 13
Attachment F	RCN Corporation SEC Form 10-K
Attachment G	RCN Telecom Services, Inc. Chart of Accounts [SUBMITTED UNDER SEAL AND SUBJECT TO REQUEST FOR CONFIDENTIAL TREATMENT]